



Investment Digest

23 August 2019 – 30 August 2019



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Global Stock Market Weekly Roundup

The Dow Jones Industrial Average index rose by 3.02 percent and closed at 26,403.28 at the end of the week. U.S. markets rebounded the past week as U.S.-China trade tensions eased, as officials indicated that trade talks between the two countries would resume in September. Market sentiment was further supported when China said that they would not retaliate immediately to the U.S.'s increased of tariffs.

The Shanghai Composite Index fell by 0.39 percent and closed at 2,886.24 at the end of the week. Asian markets were overall flat as it fell on Monday after reacting to the overnight escalation of U.S.-China trade tensions from the week prior but pared losses throughout the rest of the week as risk sentiment improved with the diminishing of trade tensions.

The Euro Stoxx 50 index was up by 2.77 percent and closed at 3,426.76 at the end of the week. European markets rose as U.S.-China trade tensions abated and as Italy moved towards formatting a new coalition government, alleviating uncertainty.

ECONOMIC RELEASES & POLITICS	ACTUAL	EXPECTED
USD Initial Jobless Claims	215K	215K
USD Continuing Jobless Claims	1.698M	1.680M
USD Nondefense Capital Goods Orders ex Aircraft (Jul)	0.4%	-0.1%
USD Core Personal Consumption Expenditure – Price Index (YoY) (Jul)	0.2%	0.2%
EUR Unemployment Rate (Jul)	7.5%	7.5%
EUR Consumer Price Index – Core (YoY) (Aug) - Preliminary	0.9%	1.0%

STOCK MARKETS		23/8/2019	30/8/2019	Weekly Change (%)	YTD Change (%)
MSCI World	▲	2,094.63	2,138.52	2.10%	13.52%
S&P 500	▲	2,847.11	2,926.46	2.79%	16.74%
Dow Jones Industrial Average	▲	25,628.90	26,403.28	3.02%	13.19%
NASDAQ	▲	7,751.77	7,962.88	2.72%	20.01%
FTSE 100	▲	7,094.98	7,207.18	1.58%	7.12%
Euro Stoxx 50	▲	3,334.25	3,426.76	2.77%	14.17%
MSCI Asia Pacific ex Japan	▲	492.01	494.65	0.54%	3.68%
NIKKEI	▼	20,710.91	20,704.37	-0.03%	3.45%
Hang Seng	▼	26,179.33	25,724.73	-1.74%	-0.47%
Shanghai Composite Index	▼	2,897.43	2,886.24	-0.39%	15.73%
Straits Times Index	▼	3,110.35	3,106.52	-0.12%	1.23%
MSCI Emerging Markets	▲	973.66	984.33	1.10%	1.92%
JPM Global Aggregate Bond Index	▲	609.39	610.69	0.21%	8.26%
WTI Oil (US\$)	▲	54.17	55.10	1.72%	14.70%
Spot Gold (US\$)	▼	1,526.98	1,523.10	-0.25%	18.85%

Global News

Chaos continues in Hong Kong as the protesters forge ahead of its sixth-month long discontentment demonstrations. Public infrastructure has since been compromised with the airport and subway services experiencing a disruption in services.

Amid the Sino-US trade war, China has yet to carry out any harsh crackdown against demonstrators in Hong Kong.

Fixed Income Markets

The 10-year U.S. Treasury yield was down 4 basis points and closed off the week at 1.50 percent. Inversion spread across the US Treasury yield curve, with short-dated yields running above long-dated ones, which is seen as a possible indicator of a recession. However, as the US economic fundamentals remain robust, yield curve inversion is mostly attributed to the trade tensions worries plaguing the markets.

Foreign Exchange Markets

The U.S. Dollar Index, which tracks the U.S. currency against six major rivals, was up by 1.31 percent and closed at 98.916. The Dollar ended as the strongest major currency, largest thanks to investors' buying before the weekly close. The easing risk of the US-China trade war and expectations of aggressive Fed cut supported the dollar.

Bitcoin price was down by 7.10% for the week and closed off at US\$9,626.18. As any positive news on the trade war positively affected foreign exchange markets, Bitcoin showed volatile movements throughout the week. The supposed "Digital Safe-Haven" asset closed lower amid an improvement in risk sentiments.

Commodity Markets

Brent Crude price was up by 0.77 percent for the week and closed at US\$59.25 per barrel. Initial fears over demand were tapering off amid renewed interest in global growth. A larger-than-expected decline in weekly crude inventories helped bolstered oil prices.

The gold price was down by 0.25 percent and closed slightly lower this week at US\$1,523.10 an ounce. The price slid came after several weeks of rally amid a flock to the safe-haven yellow metal. However, recent receding fears over the Sino-US trade war and a stronger US dollar lifted equities and dampened safe-haven demand.

Smarter Investing

Asset Allocation

What is Asset Allocation?

Asset allocation is a strategy of dividing one's investments into several asset classes, so that should one of the asset classes be drastically affected by market conditions, the other assets will help to provide better stability to the investments.

Why Asset Allocation?

A simple analogy of asset allocation is to put one's eggs into different baskets, so that in the event one basket is dropped, other eggs remain intact.

Why Asset Allocation works?

Different classes of assets react differently in different situations. By diversifying one's investments into several asset classes, the overall volatility of an investment portfolio will improve.